

Capital: Baku

Population: 7.9 million (July 2004 est.)

GDP(current US\$): \$7.1 billion (2003)

Population below national poverty line (2002 est.): 49%

GDP per capita (current US\$): \$753 (2002)

GDP per capita (purchasing power parity): \$3,400 (2004)

Religion: Muslim 93.4%, Russian Orthodox 2.5%, Armenian Orthodox 2.3%, other 1.8%

Language: Azerbaijani (Azeri) 89%, Russian 3%, Armenian 2%, other 6%

President: Ilham Aliyev

Prime Minister: Artur Rasizade

Ambassador to US: Hafiz Pashayev



National Interest: Located in the Trans-Caspian energy corridor, Azerbaijan is a strategically important link to the region's energy export system. In order to benefit from Azerbaijan's strategic position and resources, it is essential that the country develop a market-oriented, transparent and corruption-free economic, legal and regulatory system. A prosperous and democratic Azerbaijan is also key to stability in the Caucasus and the strengthening of western ties through the Caspian to the Central Asian Republics.

OVERVIEW OF USAID'S FOCUS IN AZERBAIJAN

FY 05: Total FSA – \$37.27 million; USAID Total - \$31.27 million

Economic Growth (FY05 \$11 million, 35%): USAID promotes economic growth through technical assistance in agricultural production and agri-business, and increased assistance to the financial and energy sectors. With the waiver of Section 907, USAID continued strengthening banking supervision; improving transparency and efficiency of treasury and financial management; promoting reform in the energy sector regulation; and building capacity in capital budget preparation. Agri-input dealers and farmer clients experienced a 400% increase in sales of fertilizer and seeds. Non-Bank Financial Institutions (NBFIs) expanded and localized operations reaching \$35 million in outstanding portfolio, 100% increase from 2002. NBFIs serviced 340 urban enterprises and real estate mortgage clients; 2,700 agribusinesses; and 8,800 group lending clients with over 35% female clientele. Over 3,600 jobs were created in FY 2004. USAID's energy activity made significant progress including a draft law to establish a public utilities regulatory agency and the completion of a feasibility study to rehabilitate the main power plant that produces 50% of the country's energy. USAID will increase support to assist with government functions that reallocate oil and gas revenues for the benefit of all citizens.

Democracy (FY05 \$6.5 million, 21%): USAID provides technical assistance to improve justice sector/legal framework; support democratic local government and decentralization; promote and support free and fair elections; strengthen democratic political parties; strengthen civil society; establish and ensure media freedom and freedom of information; and promote and support anti-corruption reforms. Successes achieved in FY 2004 included conducting the Presidential Election under the new Unified Election Code; the political party strengthening and voter and media education activities produced an active multi-party campaign with public debates on political and social issues. USAID's assistance to anticorruption issues resulted in nationwide public service announcements and open dialogues on the detriments of corruption to the society. In preparing for the parliamentary elections in 2005, USAID will focus on issue-orientation, coalition-building and presentation of party platforms during the election campaign. Policy dialogues and training will be held for more than 400 members of political parties and independent parliamentary candidates in five regions. Efforts to prevent election fraud will be integral to activities.

Social Issues (FY05 \$7.9 million, 25%): USAID humanitarian activities assist communities of vulnerable populations to better organize themselves in order to meet their own needs through business development and income generation activities, and through improving access to social and community services, such as primary health care. In 2004, approximately half a million IDPs, refugees and other citizens from vulnerable groups directly benefited from training, economic activities, and healthcare support. Forty-eight percent of the beneficiaries were women. Community mobilization, business development, and financial service delivery methodologies became more advanced. Collaboration with local governments increased. Almost 300 municipal officials elected in the 2004 municipal elections were members of community based organizations who had received various types of capacity building training indicating success in USAID's civil society efforts. In 2005, USAID will begin reproductive health and family planning and primary health care activities. USAID will begin support of the social services and assistance sector to influence policy and implementation of transparent and equitable distribution of services to vulnerable populations.

Training and Small Grants Program (FY05 \$5.9 million, 19%): The cross-cutting training and grants programs support and complement all USAID activities. Activities promote development of business and professional associations and NGO capacity through training (World Learning) and grants (Eurasia Foundation). The South Caucasus Regional Water Initiative (DAI) seeks to improve water resources management through technical collaboration between Armenia, Azerbaijan, and Georgia.

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